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Division of Mental Health, Developmental Disabilities and Substance Abuse Services
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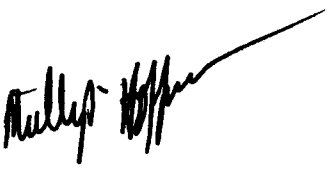
Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Richard J. Visingardi, Ph.D., Director

October 25, 2002

MEMORANDUM

TO: Area Directors

FROM: Phillip Hoffman 

RE: SFY 03 Final Allocation Letter (July 1, 2002 – June 30, 2003)

The Division is herein communicating its best estimate of SFY 03 continuation allocations. Due to the length of the Legislative Session, the attached letter is considered the "final" allocation this year. Adjustments, which may be needed to these allocations and any expansion amounts, will be handled via individual allocation letters. In communicating the allocations attached to this communication, I would like to point out the following considerations.

1. Generally, funds are included in the continuation allocation at last year's amount per the SFY 02 "final" allocation dated November 9, 2001, with adjustments for subsequent allocations made during the SFY 02 which were noted as recurring increases or decreases.
2. Allocation amounts for MR/MI and CTSP funding only reflect UCR funds. Non-UCR amounts will be allocated on a per request basis.
 - a. MR/MI allocation amounts in this letter reflect last year's UCR earnings plus 3%. Additional supplemental MR/MI UCR allocation requests above the amounts set forth in this allocation letter must be requested through the DD Section. As in the past, one-time non-UCR MR/MI allocation requests for local needs must also be requested through the DD Section.
 - b. CTSP allocation amounts reflect the original SFY02 UCR allocation amounts, less the area program administrative cost recurring reduction associated with last year's overall \$1.5m reduction as stated in the Area Directors de-allocation letter dated April 23, 2002. Additional supplemental CTSP UCR allocation requests above the amounts set forth in this allocation letter must be requested through the Child and Family Section. Additional information will be forthcoming regarding CTSP non-UCR funds.
3. As a result of TANF funding reductions to the Division, area/county programs previously receiving TANF funding will see some shifts in coding to others sources of funds. These include:
 - a. CASAWORKS: While TANF funds were reduced for this program, they were not completely eliminated. For area/county programs, CASAWORKS FRC coding now includes T2 for TANF and 5B for Substance Abuse Prevention and Treatment Block Grant. Supplemental allocation letters will be issued with respect to the \$1,000,000 non-recurring funds appropriated in SFY 03 by the General Assembly.
 - b. MAJORS: TANF funding for the MAJORS program was completely eliminated, however, the Division is maintaining the SFY 02 funding level with Substance Abuse Prevention and Treatment Block Grant funds. Therefore, FRC coding changes for MAJORS previously funded with TANF funds now switches from FRC T2 to FRC 5B. The account of 536969 – "Majors" has been established for these funds.
4. Another change in funds coding is associated with the establishment of several new substance abuse account numbers to assist the Division in meeting federal block grant set-aside requirements and tracking particular services. These new account numbers are: 536909 – UCR Child SA Engagement, 536910 – UCR Adult SA



Engagement, 536911 – UCR Child SA Prevention, 536912 – UCR Adult SA Prevention, and 536913 – UCR HIV. The Substance Abuse Section will distribute guidelines for the use of these funds to area/county programs shortly. Actions related to these new accounts are as follows:

- a. The attached letter addresses funding changes related to the new UCR Child SA Prevention account of 536911. The need for this change is more fully described in item 5 below. Schedule 1 in this allocation letter reflects (i) the annual amount being realigned into this account, although the full annualized amount will not take place until next year, (ii) the prorata amount being realigned into this account for the current SFY 03 year, and (iii) the amounts being reduced from current UCR Adult SA and UCR Child SA accounts for movement into the UCR Child SA Prevention account in SFY 03.
 - b. For the new UCR HIV account of 536913, some funds have been moved from the IV Drug accounts to the new UCR HIV account. The only changes included in the attached allocation letter are for the two IPRS sites of DSL and Southeastern. Additional work will be done with other area/county programs as they come onto IPRS to reflect a similar funding transition.
 - c. Additional work will be done with area/county programs around the Engagement accounts for this year; however, no funding changes are reflected in the attached allocation letter.
5. Due to recent audit findings, the Division must establish increased accountability for the allocation and payment of the required 20% Primary Prevention Set-Aside Funds stipulated in the Substance Abuse Prevention and Treatment Block Grant (SAPTBG) requirements.

Each area program has been designated a specific SAPTBG 20% Primary Prevention Set-Aside dollar amount that will be required to be earned through a combination of payments for approved prevention services through Pioneer and IPRS. This dollar amount is calculated as 11.66% on the total amount of each area program's state and federal funds for substance abuse services, less those funds that are designated as a Cross Area Service Program (CASP). CASP funds are those that are earmarked for IV Drug, Perinatal and Maternal Substance Abuse, Child Substance Abuse Regional Residential, and Child Substance Abuse/Juvenile Justice initiatives in the youth development centers, juvenile detention centers, and multi-purpose juvenile homes

Because SFY 02-03 is a transition year, accommodations have been made to show payments through Pioneer and IPRS. Prorated amounts have been subtracted from each area program's CSA-UCR and ASA-UCR funds and assigned to Child SA Prevention – 536911. For IPRS Pilots and Phases 1 and 2, a prorated portion of 50% of the annual prevention dollar requirement has been assigned to Child SA Prevention – 536911. For Phases 3 and 4, a prorated portion of 25% of the annual prevention dollar requirement has been assigned to Child SA Prevention – 536911. Refer to Schedule 1.

6. As you are aware, the General Assembly made a \$3,000,000 recurring reduction in community funding effective this year. Area program allocations are NOT being reduced based on this action since the Division was able to address the reduction via unallocated and previously unearned funds.

Should you have any questions, please contact Kristi Hickman in the Division Budget Office at (919) 733-7013 or e-mail Kristi.Hickman@ncmail.net

Attachment

cc:	Area Finance Officer	Tara Larson	Linda Gunn-Jones
	Regional Accountants	Flo Stein	Gary Fuquay
	Budget Officers	Stan Slawinski	George Francis
	Rich Visingardi	Don Willis	Jay Dixon
	Carol Duncan Clayton	Gary Imes	Bob Duke

